

**SAUDI ENAYA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)**

**UNAUDITED INTERIM CONDENSED
FINANCIAL STATEMENTS
FOR THE THREE MONTH AND SIX MONTH PERIODS ENDED
30 JUNE 2014**

**SAUDI ENAYA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)**

**UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE MONTH AND SIX MONTH PERIODS ENDED 30 JUNE 2014**

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INDEPENDENT AUDITORS' REVIEW REPORT ON THE INTERIM CONDENSED FINANCIAL STATEMENTS

THE SHAREHOLDERS SAUDI ENAYA COOPERATIVE INSURANCE COMPANY (A SAUDI JOINT STOCK COMPANY) KINGDOM OF SAUDI ARABIA

Scope of review

We have reviewed the accompanying interim statement of financial position of Saudi Enaya Cooperative Insurance Company - A Saudi Joint Stock Company (the "Company") as at 30 June 2014, and the related interim statements of insurance operations and accumulated surplus, shareholders' operations, and comprehensive income for the three month and six month periods then ended, and the related interim statements of changes in shareholders' equity, insurance operations' cash flows and shareholders' cash flows for the six month period then ended, and related notes from 1 to 15 which form an integral part of these interim condensed financial statements. These interim condensed financial statements are the responsibility of the Company's management and have been prepared by them in accordance with International Accounting Standard 34 - Interim Financial Reporting ("IAS 34") and submitted to us together with all the information and explanations which we required. We conducted our review in accordance with the Standard on Review of Interim Financial Information issued by the Saudi Organization for Certified Public Accountants ("SOCPA"). A review consists principally of applying analytical procedures to financial data and information and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with Generally Accepted Auditing Standards in the Kingdom of Saudi Arabia, the objective of which is the expression of an opinion on the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying interim condensed financial statements for them to be in conformity with IAS 34.

Emphasis of matter

We draw attention to the fact that these interim condensed financial statements are prepared in accordance with IAS 34 and not in accordance with the Standard on Interim Financial Reporting issued by SOCPA.

for Ernst & Young

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Jeddah, Kingdom of Saudi Arabia
18 Ramadan 1435 H
16 July 2014

**SAUDI ENAYA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)**

INTERIM STATEMENT OF FINANCIAL POSITION

As at 30 June 2014

		30 June 2014 (Unaudited) SR'000	31 December 2013 (Audited) SR'000
	<i>Notes</i>		
INSURANCE OPERATIONS' ASSETS			
Cash and cash equivalents	3	2,367	1,249
Premiums receivable, net	4	13,050	21,759
Reinsurance receivable		8,265	4,936
Reinsurers' share of unearned premium		7,884	12,256
Reinsurers' share of outstanding claims		6,610	3,680
Deferred policy acquisition costs		149	2,018
Prepayments and other assets		4,405	3,440
Amounts due from Shareholders' Operations		5,099	-
Intangible assets		12,561	14,143
Furniture, fittings and office equipment		7,032	8,718
Total Insurance Operations' Assets		67,422	72,199
SHAREHOLDERS' ASSETS			
Cash and cash equivalents	3	73,634	38,390
Murabaha deposits	3(b)	60,353	135,000
Investments	5	112,543	88,342
Prepayments and other assets		996	1,986
Amounts due from a related party		83	83
Amounts due from Insurance Operations		-	3,828
Statutory deposit	10	40,000	40,000
Total Shareholders' Assets		287,609	307,629
TOTAL ASSETS		355,031	379,828



Chairman



Chief Executive Officer



Chief Financial Officer


The accompanying notes 1 to 15 form an integral part of these interim condensed financial statements.

**SAUDI ENAYA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)**

INTERIM STATEMENT OF FINANCIAL POSITION (continued)

As at 30 June 2014

		30 June 2014 (Unaudited) SR'000	31 December 2013 (Audited) SR'000
	Notes		
INSURANCE OPERATIONS' LIABILITIES			
Insurance Operations' Liabilities			
Unearned premiums		19,200	27,889
Provision for premium deficiency		3,517	3,517
Outstanding claims		13,221	7,360
Reinsurance balance payable		12,731	15,344
Amounts due to Shareholders' Operations		-	3,828
Accrued expenses and other liabilities		18,753	14,261
Total Insurance Operations' Liabilities		67,422	72,199
SHAREHOLDERS' LIABILITIES AND EQUITY			
Shareholders' Liabilities			
Accrued expenses and other liabilities		1,099	886
Accrued Zakat	8	6,562	6,032
Amounts due to related parties		4	1,136
Amounts due to Insurance Operations		5,099	-
Total Shareholders' Liabilities		12,764	8,054
Shareholders' Equity			
Share capital	6	400,000	400,000
Accumulated losses		(125,155)	(100,425)
Total Shareholders' Equity		274,845	299,575
Total Shareholders' Liabilities and Equity		287,609	307,629
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		355,031	379,828



Chairman



Chief Executive Officer



Chief Financial Officer

The accompanying notes 1 to 15 form an integral part of these interim condensed financial statements.

**SAUDI ENAYA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)**

INTERIM STATEMENT OF INSURANCE OPERATIONS AND ACCUMULATED SURPLUS
For the three-month and six-month periods ended 30 June 2014 (Unaudited)

		Three-month period ended 30 June		Six-month period ended 30 June		For the period from 8 February 2012 to 30 June 2013
	Notes	2014 SR' 000	2013 SR' 000	2014 SR' 000	2013 SR' 000	SR' 000
REVENUE						
Gross written premiums		4,754	32,348	25,314	34,093	34,093
Less: Reinsurance ceded		(1,830)	(14,214)	(10,232)	(14,966)	(14,966)
Net written premiums		2,924	18,134	15,082	19,127	19,127
Movement in net unearned premiums		7,140	(17,559)	4,317	(18,418)	(18,418)
Net premiums earned		10,064	575	19,399	709	709
CLAIMS						
Gross claims paid		16,643	716	29,713	766	766
Less: claims recovered		(8,265)	(358)	(14,800)	(383)	(383)
Net claims paid		8,378	358	14,913	383	383
Movement in net outstanding claims		395	241	2,931	358	358
Net claims incurred		8,773	599	17,844	741	741
Net underwriting result		1,291	(24)	1,555	(32)	(32)
Other income		93	-	93	9	9
EXPENSES						
Selling and marketing		(2,843)	(2,106)	(6,198)	(2,297)	(2,297)
General and administration	7	(10,994)	(10,736)	(21,454)	(19,194)	(19,194)
DEFICIT FROM INSURANCE OPERATIONS		(12,453)	(12,866)	(26,004)	(21,514)	(21,514)
Shareholders' share of deficit from insurance operations	2(a)	12,453	12,866	26,004	21,514	21,514
Policyholders' share of deficit from insurance operations		-	-	-	-	-
Chairman		Chief Executive Officer				
Chief Financial Officer						


The accompanying notes 1 to 15 form an integral part of these interim condensed financial statements.

**SAUDI ENAYA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)**

INTERIM STATEMENT OF SHAREHOLDERS' OPERATIONS

For the three-month and six-month periods ended 30 June 2014 (Unaudited)

	Notes	<i>Three-month period ended 30 June</i>		<i>Six-month period ended 30 June</i>		<i>For the period from 8 February 2012 to 30 June 2013</i>
		<i>2014</i>	<i>2013</i>	<i>2014</i>	<i>2013</i>	
		<i>SR' 000</i>	<i>SR' 000</i>	<i>SR' 000</i>	<i>SR' 000</i>	<i>SR' 000</i>
LOSS						
Shareholders' share of deficit from insurance operations	2(a)	(12,453)	(12,866)	(26,004)	(21,514)	(21,514)
EXPENSES						
General and administration	7	(506)	(383)	(888)	(1,069)	(25,306)
Pre-incorporation expenses		-	-	-	-	(9,170)
		(12,959)	(13,249)	(26,892)	(22,583)	(55,990)
Investment income		1,649	269	4,099	1,472	1,860
NET LOSS FOR THE PERIOD		(11,310)	(12,980)	(22,793)	(21,111)	(54,130)
Weighted average number of ordinary shares outstanding (in thousands)		40,000	40,000	40,000	40,000	40,000
Loss per share (in Saudi Arabian Riyals)	12	(0.28)	(0.32)	(0.57)	(0.53)	(1.35)


Chairman


Chief Financial Officer


Chief Executive Officer

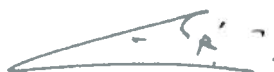
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**SAUDI ENAYA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)**

INTERIM STATEMENT OF COMPREHENSIVE INCOME

For the three-month and six-month periods ended 30 June 2014 (Unaudited)

	<i>Notes</i>	<i>Three-month period ended 30 June</i>		<i>Six-month period ended 30 June</i>		<i>For the period from 8 February 2012 to 30 June 2013</i>
		<i>2014</i>	<i>2013</i>	<i>2014</i>	<i>2013</i>	<i>2013</i>
		<i>SR' 000</i>	<i>SR' 000</i>	<i>SR' 000</i>	<i>SR' 000</i>	<i>SR' 000</i>
NET LOSS FOR THE PERIOD		(11,310)	(12,980)	(22,793)	(21,111)	(54,130)
Zakat for the period	8	(1,087)	(1,500)	(1,937)	(3,000)	(6,862)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		(12,397)	(14,480)	(24,730)	(24,111)	(60,992)



Chairman



Chief Executive Officer



Chief Financial Officer

The accompanying notes 1 to 15 form an integral part of these interim condensed financial statements.

**SAUDI ENAYA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)**

INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the six-month period ended 30 June 2014 (Unaudited)

	<i>For the six-month period ended 30 June 2014 (unaudited)</i>		
	<i>Share capital SR'000</i>	<i>Accumulated losses SR'000</i>	<i>Total SR'000</i>
Balance as at 1 January 2014	400,000	(100,425)	299,575
Net loss for the period	-	(22,793)	(22,793)
Zakat for the period (Note 8)	-	(1,937)	(1,937)
Balance at 30 June 2014	<u>400,000</u>	<u>(125,155)</u>	<u>274,845</u>

	<i>For the period from 8 February 2012 to 30 June 2013 (unaudited)</i>		
	<i>Share capital SR'000</i>	<i>Accumulated losses SR'000</i>	<i>Total SR'000</i>
Issue of share capital	400,000	-	400,000
Transaction costs	-	(7,035)	(7,035)
Net loss for the period	-	(54,130)	(54,130)
Zakat for the period (Note 8)	-	(6,862)	(6,862)
Balance at 30 June 2013	<u>400,000</u>	<u>(68,027)</u>	<u>331,973</u>

 _____ Chairman	 _____ Chief Financial Officer	 _____ Chief Executive Officer
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The accompanying notes 1 to 15 form an integral part of these interim condensed financial statements.

**SAUDI ENAYA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)**

INTERIM STATEMENT OF INSURANCE OPERATIONS' CASH FLOWS

For the six-month period ended 30 June 2014 (Unaudited)

		<i>For the six-month period ended 30 June 2014</i>	<i>For the period from 8 February 2012 to 30 June 2013</i>
	<i>Notes</i>	<i>SR' 000</i>	<i>SR' 000</i>
OPERATING ACTIVITIES			
Policyholders' share of deficit from Insurance Operations		-	-
Adjustments for:			
Depreciation		1,867	1,824
Amortization of intangible assets		2,220	1,047
Reinsurers' share of unearned premium		4,372	(14,420)
Deferred policy acquisition costs		1,869	(3,008)
Unearned premiums		(8,689)	32,838
Reversal of allowance for doubtful premiums receivable	7	(1,968)	-
		(329)	18,281
Changes in assets and liabilities:			
Premiums receivable, net		10,677	(24,087)
Reinsurance receivable		(3,329)	(358)
Reinsurer's share of outstanding claims		(2,930)	(358)
Prepayments and other assets		(965)	(3,490)
Outstanding claims		5,861	716
Reinsurance balance payable		(2,613)	14,415
Amounts due to Shareholders' Operations		(8,927)	(3,208)
Accrued expenses and other liabilities		4,492	20,475
Net cash from operating activities		1,937	22,386
INVESTING ACTIVITIES			
Purchase of furniture, fittings and office equipment		(181)	(235)
Intangible assets acquired		(638)	(13,578)
Net cash used in investing activities		(819)	(13,813)
INCREASE IN CASH AND CASH EQUIVALENTS		1,118	8,573
CASH AND CASH EQUIVALENTS TRANSFERRED FROM SHAREHOLDERS' OPERATIONS	2(a)	-	1
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD		1,249	-
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	3	2,367	8,574
Non-cash transaction:			
Insurance related assets and liabilities transferred from shareholders' operations excluding cash and cash equivalents	2(a)	-	9,160

Chairman

Chief Financial Officer

Chief Executive Officer

The accompanying notes 1 to 15 form an integral part of these interim condensed financial statements.

**SAUDI ENAYA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)**

INTERIM STATEMENT OF SHAREHOLDERS' CASH FLOWS

For the six-month period ended 30 June 2014 (Unaudited)

		<i>For the six-month period ended 30 June 2014</i>	<i>For the period from 8 February 2012 to 30 June 2013</i>
	<i>Notes</i>	<i>SR' 000</i>	<i>SR' 000</i>
OPERATING ACTIVITIES			
Net loss for the period before Zakat		(22,793)	(54,130)
Adjustments for:			
Fair value gain on investments	5	(2,763)	(62)
Depreciation		-	2,360
Amortization		-	63
Amortization of discount	5	(40)	(81)
Commission on Murabaha deposits		(1,761)	-
End of service benefits		-	529
		<u>(27,357)</u>	<u>(51,321)</u>
Changes in assets and liabilities:			
Prepayments and other assets		990	(1,197)
Amounts due from Insurance Operations		8,927	3,208
Accrued expenses and other liabilities		213	5,397
Amounts due to related parties		(1,132)	49
Amounts due from related parties		-	(83)
		<u>(18,359)</u>	<u>(43,947)</u>
Zakat paid	8	(1,407)	(3,830)
Net cash used in operating activities		<u>(19,766)</u>	<u>(47,777)</u>
INVESTING ACTIVITIES			
Purchase of furniture, fittings and equipment		-	(14,332)
Intangible assets acquired		-	(1,601)
Murabaha deposits	3(b)	(60,353)	(135,000)
Proceeds from encashment of Murabaha deposits		136,761	-
Purchase of investments	5	(83,169)	(104,459)
Proceeds from disposal of investments		1,771	-
Statutory deposit		-	(40,000)
Proceeds from maturity of investments	5	60,000	-
Net cash from/(used in) investing activities		<u>55,010</u>	<u>(295,392)</u>
FINANCING ACTIVITIES			
Issue of share capital	6	-	400,000
Transaction costs		-	(7,035)
Net cash from financing activities		<u>-</u>	<u>392,965</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS		35,244	49,796
CASH AND CASH EQUIVALENTS TRANSFERRED TO INSURANCE OPERATIONS	2(a)	-	(1)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD		38,390	-
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	3	73,634	49,795
Non-cash transaction:			
Insurance related assets and liabilities transferred to insurance operations excluding cash and cash equivalents	2(a)	<u>-</u>	<u>9,160</u>

Chairman

Chief Executive Officer

Chief Financial Officer

The accompanying notes 1 to 15 form an integral part of these interim condensed financial statements.

**SAUDI ENAYA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)**

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

At 30 June 2014

1. ORGANISATION AND PRINCIPAL ACTIVITIES

Saudi Enaya Cooperative Insurance Company (the "Company") is a Saudi Joint Stock Company incorporated in the Kingdom of Saudi Arabia as per the Ministry of Commerce and Industry's Resolution number 98/Q dated 16 Rabi Awwal 1433 H (corresponding to 8 February 2012). The Commercial Registration number of the Company is 4030223528 dated 27 Rabi Awwal 1433 H (corresponding to 19 February 2012). The registered office address of the Company is:

Ahmed Ghalib Al-Esayi Building
P.O. Box 3528
Jeddah 21481
Kingdom of Saudi Arabia.

The Company is licensed to conduct insurance business in the Kingdom of Saudi Arabia under cooperative principles in accordance with Royal Decree No. M/49 dated 27 Rajab 1432 H (corresponding to 29 June 2011) pursuant to the Council of Ministers' Resolution No 224 dated 25 Rajab 1432 H (corresponding to 27 June 2011). As of the date of incorporation, the Company is 77% owned by the Saudi shareholders and the general public and 23% owned by non-Saudi shareholders. The Company was listed on the Saudi Stock Exchange (Tadawul) on 27 February 2012.

The objective of the Company is to engage in cooperative insurance operations and related activities, including reinsurance, agencies, representation, correspondence and brokerage, in the Kingdom of Saudi Arabia in accordance with its Articles of Association, and applicable regulations in the Kingdom of Saudi Arabia. The Company is licensed to underwrite medical insurance only. The Company commenced its commercial operations on 7 January 2013.

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. BASIS OF PREPARATION

The interim condensed financial statements have been prepared in accordance with International Accounting Standard 34 – Interim Financial Reporting (IAS 34).

As required by Saudi Arabian Insurance Regulations, the Company maintains separate books of account for Insurance operations and shareholders' operations. The physical custody of all assets related to the insurance operations and shareholders' operations are held by the Company. Revenues and expenses clearly attributable to either activity are recorded in the respective books of account. The basis of allocation of expenses from joint operations is determined by the management and the Board of Directors.

The interim condensed financial statements do not contain all information and disclosures required in the full financial statements prepared in accordance with International Financial Reporting Standards ("IFRS"). Accordingly, these interim condensed financial statements should be read in conjunction with the financial statements of the Company for the period from 8 February 2012 to 31 December 2013.

As per the Company's by-laws and Articles of Association, the Company's first fiscal period commenced on the issuance date of the Ministerial Resolution declaring the formation of the Company, which was dated 16 Rabi Awwal 1433 H (corresponding to 8 February 2012), and ended on 31 December of the following Gregorian year (being 31 December 2013). Accordingly, the comparative information in the statement of insurance operations and accumulated surplus, statement of shareholders' operations, statement of comprehensive income and related notes have been presented for three month and six month periods ended 30 June 2013 and for the period from 8 February 2012 to 30 June 2013. The comparative information in the statement of changes in equity, statement of insurance operations' cash flows and statement of shareholders' cash flows have been presented for the period from 8 February 2012 to 30 June 2013. The comparative information in the statement of financial position and related notes have been presented as at 31 December 2013.

**SAUDI ENAYA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)**

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)
At 30 June 2014

**2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(continued)**

a. BASIS OF PREPARATION (continued)

Consequent to commencement of commercial operations, the shareholders' operations transferred the following insurance assets and liabilities to the insurance operations as at 1 January 2013:

	SR '000
Cash and cash equivalents	1
Prepayments and other assets	274
Furniture, fittings and office equipment	11,972
Intangible assets	1,538
Accrued expenses	(4,095)
End of service benefits provision	(529)
	<u>9,161</u>

In accordance with the by-laws of the Company, the surplus arising from the insurance operations is distributed as follows:

Shareholders	90%
Policyholders	10%
	<u>100%</u>

In case of deficit arising from the insurance operations, the entire deficit is borne by the shareholders' operations.

The interim condensed financial statements are presented in Saudi Arabian Riyals ("SR"), being the functional currency of the Company, and have been rounded off to the nearest thousand, unless otherwise specified.

The Company presents its interim statement of financial position broadly in order of liquidity. All financial assets and liabilities except for investments held to maturity and statutory deposit are expected to be recovered and settled respectively, within twelve months after the interim reporting date.

b. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies used by the Company for the preparation of these interim condensed financial statements are in accordance with IFRS and are consistent with those used for the preparation of financial statements for the period from 8 February 2012 to 31 December 2013. The adoption of new IFRS, International Financial Reporting Interpretations Committee Interpretations (IFRIC) and amendments thereof as mentioned in note 2(d) did not have any material impact on these interim condensed financial statements.

c. USE OF ESTIMATES AND JUDGEMENTS

The preparation of interim condensed financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities, if any, at the date of the interim condensed financial statements and the reported amounts of revenues and expenses during the interim reported period. Although these estimates and judgements are based on management's best knowledge of current events and actions, actual results ultimately may differ from those estimates. In the opinion of the management, the interim condensed financial statements reflect all adjustments (which include normal recurring adjustments) necessary to present fairly the results of operations for the interim periods presented.

**SAUDI ENAYA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)**

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)
At 30 June 2014

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(continued)

c. USE OF ESTIMATES AND JUDGEMENTS (continued)

The estimate and judgments used by management in the preparation of the interim condensed financial statements are consistent with those followed in the preparation of the Company's financial statements for the period from 8 February 2012 to 31 December 2013.

d. NEW IFRS, IFRIC AND AMENDMENTS THEREOF, ADOPTED BY THE COMPANY

The Company has adopted the following amendments and revisions to existing standards, which were issued by the International Accounting Standards Board (IASB):

<i>Standard</i>	<i>Description</i>
IFRS 10, IFRS 12 and IAS 27	Amendments to IFRS 10, IFRS 12 and IAS 27 Investment Entities
IAS 32	Amendments to IAS 32 Offsetting Financial Assets and Financial Liabilities
IAS 36	Amendments to IAS 36 Recoverable Amount Disclosures for Non-Financial Assets
IAS 39	Amendments to IAS 39 Novation of Derivatives and Continuation of Hedge Accounting
IFRIC 21	Levies

e. NEW IFRS AND AMENDMENTS THEREOF, ISSUED BUT NOT YET EFFECTIVE

Standards issued but not yet effective up to the date of issuance of the Company financial statements are listed below. The listing is of standards issued, which the Company reasonably expects to be applicable at a future date. The Company intends to adopt these standards when they become effective.

<i>Standard/ Interpretation</i>	<i>Description</i>	<i>Effective from periods beginning on or after the following date</i>
IFRS 9	Financial Instruments	1 January 2018
IFRS 11	Amendments to IFRS 11 Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
IFRS 14	Regulatory Deferral Accounts	1 January 2016
IFRS 15	Revenue from Contracts with Customers	1 January 2017
IAS 16 and IAS 38	Amendments to IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
IAS 19	Amendments to IAS 19 Defined Benefit Plans: Employee Contributions	1 July 2014

The Company is currently assessing the implications of adopting the above mentioned standards, amendments or interpretations on the Company's financial statements.

**SAUDI ENAYA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)**

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

At 30 June 2014

3. CASH AND CASH EQUIVALENTS

	30 June 2014 (Unaudited) SR'000	31 December 2013 (Audited) SR'000
<i>Insurance operations</i>		
Cash in banks	2,346	1,245
Cash in hand	21	4
	<u>2,367</u>	<u>1,249</u>
<i>Shareholders' operations</i>		
Cash in banks	15	8,334
Murabaha deposits (see note (a) below)	73,619	30,056
	<u>73,634</u>	<u>38,390</u>

- a) The Murabaha deposits are held with commercial banks in the Kingdom of Saudi Arabia. These Murabaha deposits are denominated in Saudi Arabian Riyals and have an original maturity of not exceeding three months.
- b) Murabaha deposits having original maturity of more than three months, amounting to SR 60.4 million (31 December 2013: SR 135 million), which are held in Saudi Arabian Riyals in the Kingdom of Saudi Arabia, are presented in the interim statement of financial position of the shareholders separately.

4. PREMIUMS RECEIVABLE, NET

	30 June 2014 (Unaudited) SR'000	31 December 2013 (Audited) SR'000
Gross premiums receivable	16,048	26,725
Allowance for doubtful premiums receivable	(2,998)	(4,966)
Premiums receivable, net	<u>13,050</u>	<u>21,759</u>

Movement in the allowance for doubtful premiums receivable during the period was as follows:

	For the six- month period ended 30 June 2014 (Unaudited) SR'000	For the period from 8 February 2012 to 31 December 2013 (Audited) SR'000
Balance at beginning of the period	4,966	-
(Reversal) / provision made during the period	(1,968)	5,015
Write-offs	-	(49)
Balance at end of the period	<u>2,998</u>	<u>4,966</u>

**SAUDI ENAYA COOPERATIVE INSURANCE COMPANY
(A SAUDI JOINT STOCK COMPANY)**

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)
At 30 June 2014

5. INVESTMENTS

	30 June 2014 (Unaudited) SR'000	31 December 2013 (Audited) SR'000
Investments held to maturity	39,810	74,699
FVIS investments	72,733	13,643
	112,543	88,342

Investments held to maturity

Movement in investments classified as held to maturity (HTM) is as follows:

	For the six- month period ended 30 June 2014 (Unaudited) SR'000	For the period from 8 February 2012 to 31 December 2013 (Audited) SR'000
Balance at beginning of the period	74,699	-
Purchases during the period	25,071	74,459
Matured during the period	(60,000)	-
Amortization during the period	40	240
Balance at end of the period	39,810	74,699

FVIS investments

Movement in investments classified as fair value through income statement ("FVIS") is as follows:

	For the six- month period ended 30 June 2014 (Unaudited) SR'000	For the period from 8 February 2012 to 31 December 2013 (Audited) SR'000
Balance at beginning of the period	13,643	-
Purchases during the period	58,098	30,000
Disposals during the period	(1,771)	(15,000)
Changes in fair value during the period	2,763	(1,357)
Balance at end of the period	72,733	13,643

During the six month period ended 30 June 2014, the Company invested SR 37.20 million in Saudi equities as per Discretionary Portfolio Management Agreement with Saudi Fransi Capital ("SFC"). Further, the Company also invested in 'Al Badr Murabaha Fund' and 'BlackRock Global Allocation Fund' managed by SFC an amount of SR 11 million and SR 9.9 million respectively. The balance at the beginning of the period pertains to investment in Saudi Fransi Emerging Markets Fixed Income Fund. The fair values of these investments were as follows:

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)
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5. INVESTMENTS (continued)

	30 June 2014 (Unaudited) SR'000	31 December 2013 (Audited) SR'000
Discretionary Portfolio Management	36,955	-
Saudi Fransi Emerging Markets Fixed Income Fund	14,566	13,643
Al Badr Murabaha Fund	11,024	-
BlackRock Global Allocation Fund	10,188	-
	72,733	13,643

6. SHARE CAPITAL

The share capital of the Company at 30 June 2014 and 31 December 2013 is SR 400 million, divided into 40 million shares of SR 10 each, and subscribed by the following:

	Percentage holding	SR'000
Founding shareholders	60%	240,000
General public	40%	160,000
	100%	400,000

7. GENERAL AND ADMINISTRATION EXPENSES

	Three-month period ended 30 June		Six-month period ended 30 June		For the period from 8 February 2012 to 30 June 2013
	2014 (Unaudited) SR' 000	2013 (Unaudited) SR' 000	2014 (Unaudited) SR' 000	2013 (Unaudited) SR' 000	2013 (Unaudited) SR' 000
Insurance operations					
Employee costs	7,308	5,962	14,591	11,954	11,954
(Reversal)/allowance for doubtful premiums receivable (note 4)	(518)	23	(1,968)	23	23
Depreciation and amortization	2,058	1,866	4,087	2,872	2,872
Rent expenses	507	504	1,021	1,010	1,010
Legal and professional fees	127	29	504	77	77
Repair and maintenance costs	790	1,685	1,612	1,992	1,992
Other expenses	722	667	1,607	1,266	1,266
	10,994	10,736	21,454	19,194	19,194

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)
At 30 June 2014

7. GENERAL AND ADMINISTRATION EXPENSES (continued)

	<i>Three-month period ended 30 June</i>		<i>Six-month period ended 30 June</i>		<i>For the period from 8 February 2012 to 30 June 2013</i>
	<i>2014 (Unaudited) SR' 000</i>	<i>2013 (Unaudited) SR' 000</i>	<i>2014 (Unaudited) SR' 000</i>	<i>2013 (Unaudited) SR' 000</i>	<i>(Unaudited) SR' 000</i>
<i>Shareholders' operations</i>					
Employee costs	-	1	-	1	14,929
Repairs and maintenance	-	-	-	-	1,745
Rent	-	-	-	-	1,610
Communication expense	-	-	-	-	688
Statutory expenses	-	1	-	1	339
Legal and professional fees	-	-	-	-	785
Depreciation and amortization	-	-	-	-	2,423
Investment related expenses	319	183	521	272	272
Travelling	23	-	104	-	226
Subscriptions	75	-	150	300	300
Board expenses	-	198	-	393	1,126
Others	89	-	113	102	863
	<u>506</u>	<u>383</u>	<u>888</u>	<u>1,069</u>	<u>25,306</u>

8. ZAKAT AND INCOME TAX

The Zakat payable by the Company has been calculated based on the best estimate of the management.

Charge for the period

	<i>Three-month period ended 30 June</i>		<i>Six-month period ended 30 June</i>		<i>For the period from 8 February 2012 to 30 June 2013</i>
	<i>2014 (Unaudited) SR' 000</i>	<i>2013 (Unaudited) SR' 000</i>	<i>2014 (Unaudited) SR' 000</i>	<i>2013 (Unaudited) SR' 000</i>	<i>(Unaudited) SR' 000</i>
Current period	<u>1,087</u>	<u>1,500</u>	<u>1,937</u>	<u>3,000</u>	<u>6,862</u>

**SAUDI ENAYA COOPERATIVE INSURANCE COMPANY
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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)
At 30 June 2014

8. ZAKAT AND INCOME TAX (continued)

Movement in the Zakat payable is as follows:

	<i>Three-month period ended 30 June</i>		<i>Six-month period ended 30 June</i>		<i>For the period from 8 February 2012 to 30 June 2013</i>
	<i>2014 (Unaudited) SR' 000</i>	<i>2013 (Unaudited) SR' 000</i>	<i>2014 (Unaudited) SR' 000</i>	<i>2013 (Unaudited) SR' 000</i>	<i>2013 (Unaudited) SR' 000</i>
Balance at beginning of the period	6,882	5,362	6,032	3,862	-
Charge for the period	1,087	1,500	1,937	3,000	6,862
Payments made during the period	(1,407)	(3,830)	(1,407)	(3,830)	(3,830)
Balance at end of the period	<u>6,562</u>	<u>3,032</u>	<u>6,562</u>	<u>3,032</u>	<u>3,032</u>

Income tax

As the Company has incurred a loss during the three month and six month periods ended 30 June 2014, and during the previous period, no provision has been established in respect of income tax in these interim condensed financial statements.

Status of assessments

The Company has filed its Zakat and tax return for the first twelve month period with the Department of Zakat and Income Tax ("DZIT"). Assessment for the twelve month period has not yet been raised by the DZIT.

During 2012, the Company received a letter from the DZIT, claiming a Zakat amount of SR 9.72 million for the period from 6 June 2010 to 5 June 2012. Furthermore the DZIT issued another letter dated 23 July 2013 indicating additional Zakat liability of SR 0.5 million. The Company submitted a reply to the DZIT and is confident of a favourable outcome. Accordingly, no additional provision has been established in this regard in these interim condensed financial statements.

The Company has filed its Zakat and tax return for the period from 8 February 2012 to 31 December 2013. The DZIT review is awaited.

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9. TRANSACTIONS WITH RELATED PARTIES

a) Following are the details of related party transactions during the six month period ended 30 June 2014:

<u>Related party</u>	<u>Nature of transactions</u>	<i>For the six-month period ended 30 June 2014 (Unaudited) SR '000</i>	<i>For the period from 8 February 2012 to 30 June 2013 (Unaudited) SR '000</i>
<i>Founding shareholders</i>	Transaction costs paid on behalf of the Company and recharged to the Company	-	3,908
	Pre-incorporation expenses paid on behalf of the Company and recharged to the Company	-	9,170
	Furniture, fittings and office equipment acquired on behalf of the Company and recharged to the Company	-	16,800
	General and administration expenses incurred on behalf of the Company and recharged to the Company	-	6,560
	Office rent	20	31
	Service charges	-	84
	Premiums written	296	242
	Claims paid	56	4
	Reinsurance ceded	10,232	14,966
	Claims recovered	14,800	383
<i>Others</i>	Purchase of computer equipment, licenses and other services	-	11,199
	Premiums written	5,029	297
	Claims paid	2,341	11
	Commission paid	348	266
	Maintenance / purchase of computer software	1,711	15,178
<i>Key management personnel</i>	Short-term benefits	2,167	4,676
	Long-term benefits	78	184

b) Amounts due from / to related parties are disclosed in the statement of financial position.

c) Amounts relating to reinsurance receivable and reinsurance balance payable are disclosed in the statement of financial position.

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

At 30 June 2014

10. STATUTORY DEPOSIT

As required by the Saudi Arabian Insurance Regulations, the Company deposited an amount equivalent to 10% of its paid up share capital, amounting to SR 40 million, in a bank designated by the Saudi Arabian Monetary Agency ("SAMA"). This statutory deposit cannot be withdrawn without the consent of SAMA, and commission accruing on this deposit is payable to SAMA.

11. SEGMENT INFORMATION

The Company only issues insurance contracts for providing health care services ('medical insurance'). All the insurance operations of the Company are carried out in the Kingdom of Saudi Arabia. As the commercial operations of the Company are at the initial stage, the operations are not yet monitored in different categories. Accordingly, no segment information is provided.

12. LOSS PER SHARE

The loss per share has been calculated by dividing the net loss for the period by the weighted average number of ordinary shares issued and outstanding at the period end. Diluted loss per share is not applicable for the Company.

13. FAIR VALUE OF FINANCIAL INSTRUMENTS

- a) Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:
- In the principal market for the asset or liability, or
 - In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Company.

The Company's financial assets include cash and cash equivalents, murabaha deposits, premiums receivable, reinsurance receivable, other receivables, investments, amounts due from a related party and amount due from shareholders' operations. The Company's financial liabilities consist of outstanding claims, reinsurance balance payable, amount due to insurance operations, amounts due to related parties and certain other liabilities. The fair values of financial instruments are not materially different from their carrying values. At 30 June 2014, apart from the investments which are carried at fair value, there were no other financial instruments held by the Company that were measured at fair value.

- b) The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments:

Level 1: quoted prices in active markets for the same instrument (i.e., without modification or repackaging);

Level 2: quoted prices in active markets for similar assets and liabilities or other valuation techniques for which all significant inputs are based on observable market data; and

Level 3: valuation techniques for which any significant input is not based on observable market data.

As at 30 June 2014, all financial instruments, which are fair valued, are Level 2 instruments. There were no transfers between levels during the period ended 30 June 2014.

14. COMPARATIVE FIGURES

Certain of the prior period amounts have been reclassified to conform with the presentation in the current period.

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (continued)

At 30 June 2014

14. COMPARATIVE FIGURES

Certain of the prior period amounts have been reclassified to conform with the presentation in the current period.

15. APPROVAL OF THE FINANCIAL STATEMENTS

The interim condensed financial statements were approved and authorized for issue by the Board of Directors on 18 Ramadan 1435H, corresponding to 16 July 2014.